

Part 6 – Section 1

Wholly Owned Woking Borough Council Companies

Wholly Owned Company Protocols ('Company' or 'Companies')

1. Introduction

- 1.1. These protocols have been introduced to ensure good governance and management of all wholly owned companies, of which the Council owns several. The operation and purpose of these companies aligns with the Council's priorities. They create and deliver social value, address market failure, contribute to the Council's finances and expand the overall service offering.
- 1.2. To the extent permitted by law, no wholly owned Company shall undertake any project or activity to the detriment of Woking Borough Council ('the Council' or 'WBC') or the wider interests of the communities which it serves.

2. Financial reporting and records

- 2.1. Wholly owned companies prepare and maintain their accounts in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the UK. The Companies management practices and business conduct benefit the localities and communities in which it operates, to the extent possible and affordable, and are in accordance with the agreed strategies of the Council.
- 2.2. Internal accounting and audit procedures reflect all of the company's business transactions and disposition of assets and has internal controls to provide assurance to the company's board, shareholders and stakeholders that the transactions are accurate and legitimate. All required information is accessible to company auditors and other authorised parties and the Council.

3. Performance and Financial Monitoring Information

- 3.1. The Companies have been organised and resourced to prepare full financial activity reports as part of the statutory accounts and at Board meetings (currently three times per year). The Companies shall provide key information in respect of company performance against business plans, returns on investment and risk and opportunities to the Shareholder Advisory Group.
- 3.2. Key information in respect of the Group Companies is currently set out for inclusion in the Performance and Financial Monitoring Information (informally known as the 'Green Book').

4. Key Performance Indicators (KPIs) for all Companies

- 4.1. With comparisons to approved budget:

i) New lending

ii) Loan and Interest Payments

iii) Sales

iv) Capital Expenditure

-
- v) Employee numbers
-

5. Political non-alignment

- 5.1. Subject to all applicable legal obligations, wholly owned Companies are committed to supporting the constitution and governance systems of the Council. The Companies do not support any specific political party or candidate for political office. The Company's conduct precludes any activity that could be interpreted as mutual dependence / favour with any political body or person and does not offer or give any company funds or property as donations to any political party, candidate or campaign.

6. Cooperation between wholly owned Companies

- 6.1. Wholly owned companies shall cooperate with other group companies including applicable joint ventures, by sharing knowledge and physical, human and management resources.
- 6.2. In the procurement of products and services, a group company gives preference to other group company entities, subject to relevant EU procurement rules, and as long as they can provide these on competitive terms relative to third parties.

7. Public representation of the company and the group

- 7.1. The Companies, in all their public appearances (with respect to disclosing company and business information to public, constituencies such as the media, the financial community, employees and shareholders), may be represented by any director and/or specified employee as approved from time to time by the respective company board.

8. Third party representation

- 8.1. Parties which have business dealings with the Companies but are not members of the group, such as consultants, contractors and suppliers, are not authorised to represent the company without the written permission of the respective board.
- 8.2. Third parties and their employees are expected to abide by the Group Code of Conduct in their interaction with, and on behalf of, a Company.

9. Use of the Company brand

- 9.1. The use of the Company name and trademark shall be governed by manuals and agreements issued by the respective Companies. No third party or joint venture shall use the Company's brand to further its interests without specific authorisation from the Board or its authorised Officer.
- 9.2. The brand should be consistently used in all published material and communications. An administrator will be tasked to oversee the use of the brand identity to ensure consistency and training will be arranged if needed. Any new staff will be offered a short induction session on correct use.

10. Protecting company assets

- 10.1. The assets of a Company shall not be misused; they shall be employed judiciously for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities,

materials and resources, as well as intangible assets such as information technology and systems, proprietary information, intellectual property, and relationships with customers and suppliers.

11. Group Policies

- 11.1. The shareholders of each parent company shall recommend its Board of Directors adopt the policies and guidelines periodically formulated by the parent company board. Group Companies operate, and have approved scheme of delegations, which empower Officers of the group to make operational decisions, including committing to contracts and expenditure, within prescribed limits.

12. Intra Group Communications

- 12.1. Members of the board of-parent company board. will receive agendas, minutes and reports from each of its subsidiary's board meetings, as soon as they become available.

13. Shareholders

- 13.1. All wholly owned companies shall be committed to enhancing shareholder value and complying with all regulations and laws that govern shareholder rights. The board of directors of the Companies shall inform its shareholders about all relevant aspects of the company's business.

14. Corporate citizenship

- 14.1. All Companies shall be committed to good corporate citizenship, not only in the compliance of all relevant laws and regulations but also by actively assisting in the improvement of quality of life of the people in the communities in which it operates. The company shall encourage collaboration with community groups.
- 14.2. No Company shall-treat these activities as optional but, should strive to incorporate them as an integral part of its business plan.

15. Conduct

- 15.1. Each wholly owned Company supports the Seven Principles of Public Life, and the culture of the business is one of honesty and opposition to fraud and corruption. These principles are reflected in our procedures and ways of working. And can be seen in Appendix 3.
 - 15.2. There is an expectation and requirement that all individuals and organisations associated with the Companies in whatever way, such as contractors, partners and suppliers, will act with integrity and that directors and staff at all levels will lead by example in these matters ensuring adherence to legal requirements, financial regulations, codes of conduct, procedures and professional practice.
 - 15.3. The Seven Principles of Public Life:
 - i) **Selflessness:** The Company should never improperly confer an advantage or disadvantage on any person.
-

ii) **Honesty and Integrity:** Company directors and staff should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.

iii) **Objectivity:** Company directors and staff should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

iv) **Accountability:** Company directors and staff should recognise that they are part of a body which is accountable to the public for their actions and the manner in which they carry out their responsibilities and should therefore co-operate fully and honestly with any scrutiny appropriate to their office.

v) **Openness:** Company directors and staff should be as open as possible about their actions and those of their authority and should be prepared to give reasons for those actions.

vi) **Personal Judgment:** Company directors and staff may take account of the views of others but should reach their own conclusions on the issues before them and act in accordance with those conclusions

vii) **Respect for Others:** Company directors and staff should promote equality by not discriminating unlawfully against any person, and by treating people with respect regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the integrity of the statutory Officers of WBC and all employees of group companies and the Council.

viii) **Leadership:** Company directors and staff should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves confidence in the actions and operations of the Group Companies.

16. Concurrent employment

16.1. Directors will be required to notify the company of external appointments but do not require prior approval. Where such appointments would put a director in a position where their interests would be conflicted, they may be approved in advance by either a resolution of the shareholders or, where a company's articles of association permit, by the board of the Company concerned.

17. Communication with the Shareholder Representative and Shareholder Advisory Group

17.1. The Board of each Company attaches great importance to maintaining good relationships with all shareholders, who are kept informed of significant company developments.

17.2. The Companies shall work closely with the Shareholder Representative and Shareholder Advisory Group. The Companies shall report to the SAG when requested

and in accordance with the agreed work programme on matters including but not limited to, company performance against business plans, return on investment and risk and opportunities.

18. Reserved Matters

18.1. The following matters are reserved to the Council for shareholder approval:

i) varying Articles of Association;

ii) varying ownership and structure;

iii) variations to shares (number of, rights, etc.);

iv) entering contracts that are outside of the business plan or do not relate to the business;

v) material legal proceedings outside of ordinary business;

vi) adopting and amending business plans each year and strategic plans three years;

vii) appointment, removal and the remuneration of directors (members of the company board);

viii) selection of the chair of the board;

ix) appointment of auditors;

x) issue of dividends; and

xi) 'and others', particularly set out in a company's Articles of Association or Shareholder Agreement.

18.2. These matters shall in the first instance be considered by the Shareholder Advisory Board.

19. Board Governance

19.1. A company board should not be so large as to be unwieldy. The boards should be of sufficient size that the balance of skills and experience is appropriate for the requirements of the business and that changes to the board's composition can be managed without undue disruption. As such, the composition of the Board may vary depending upon the circumstances of the entity.

19.2. To ensure that power and information are not concentrated in one or two individuals, there should be a strong presence of independent directors on all Boards. The Shareholder Representative shall attend the meetings of the Board.

- 19.3. The Company board shall appoint an independent director to be the Chair of the Board. The Chair will be accountable to the shareholder if it has concerns on any matter in respect of which contact through the normal channels of chief operating Officer and chief financial Officer, has failed to resolve or for which such contact is inappropriate. This provision is not applicable to Export House Limited and KCSC Limited.
- 19.4. Subject to Councillors having completed and submitted in advance, a Non-Disclosure Agreement:
-
- i) The agendas of board meetings of Companies shall be available to Councillors; and
-
- ii) Councillors may attend board meetings as observers, by prior written notification to the Chair of the relevant board.
-
- 19.5. Subsidiary Company boards must submit any new proposals which cause changes to the Council Approved Parent Group Business Plan to the parent company which, if it supports the proposal, will recommend accordingly to the WBC Executive for consideration and recommendation thereon to the Council for approval.

20. Composition of the Boards

- 20.1. The Composition of the Boards has been determined by Full Council. Any changes to the composition of the Boards shall be done so to ensure the directors appointed have sufficient skills and experience to run it. The composition of the Board may vary depending on the circumstance of the entity. Council Officers shall at all times be in a majority. Any changes to the composition of the Board shall be agreed by Full Council.

Election of Chair

- 20.2. The Companies shall ensure that an Independent Director shall be elected Chair of the respective Company.

Quorum

- 20.3. A quorum for each board meeting shall be at least one third of directors present which must comprise at least 1 Independent Director, and 1 Officer Director of the relevant board. In respect of those boards in which do not have an Independent Director (Export House Limited and KCSC Limited) both Officer Directors must be present.

Alternate Directors

- 20.4. All Directors of subsidiary companies may appoint an Alternate Director of the same Director class (Independent, Councillor or Officer) in the event that they cannot attend a board meeting. The Alternate Director must be a director of the parent company.

Company Board Meetings

- 20.5. Company board meetings will usually be held in person. In the event that exceptional circumstances necessitate a paper, email, telephone, video, electronic or other form of meeting permitted by the Articles or Company law, the Company shall in the notice of the meeting state the reasons for the meeting in a different form and record in the minutes of said meeting the reasons and the decision reached at the meeting. The

minutes of said meeting will be published as soon as possible and reported to the next normal board meeting of the Company.

Website communication

- 20.6. To the extent possible to preserve commercial confidentiality, Company agendas and minutes will not be published.

VISUAL OVERVIEW OF THE MODEL



